



THE CITY OF SAN DIEGO

Redevelopment Agency's Report

DATE ISSUED: May 14, 2003 REPORT NO. RA-03-14

ATTENTION: Honorable Chair and Members of the Redevelopment Agency
Docket of May 20, 2003

SUBJECT: Owner Participation Agreement (OPA) with Casa Familiar – Casitas de las Florecitas Project in the San Ysidro Redevelopment Project Area.

SUMMARY

Issue(s) – Should the Agency enter into an Owner Participation Agreement (OPA) with Casa Familiar to develop the Casitas de las Florecitas Project?

Executive Director's Recommendation – That the Redevelopment Agency enter into an Owner Participation Agreement (OPA) with Casa Familiar to develop the Casitas de las Florecitas Project.

Other Recommendations – None.

Fiscal Impact – The OPA commits the Agency to expending up to \$800,000 from San Ysidro Project Area tax increment revenue (20% Housing Set-Aside) in the form of a grant.

Environmental – This activity is exempt from CEQA pursuant to State CEQA guidelines Section 15061 (b) (3).

Code Enforcement Impact - None with this action.

Housing Affordability Impact – The project proposal under this OPA would develop eight (8) single family units of affordable housing.

BACKGROUND

The San Ysidro Redevelopment Project Area was adopted in April 16, 1996. Since that time, largely due to the Las Americas Project and general increases in Assessed Valuation (AV), there

has been a significant increase in Tax Increment (TI) funds available to the Agency for reinvestment in the San Ysidro Redevelopment Project Area. Agency staff has met several times with Casa Familiar regarding the proposed Casitas de las Florecitas Project in the Project Area. This 8-unit, single-family development will help qualifying families in San Ysidro move into new homes at affordable prices. The Redevelopment Agency can assist in making these units affordable to those families with the use of 20% Set-Aside funds.

DISCUSSION

This action recommends the approval of an OPA with Casa Familiar for the purpose of financially assisting the development of the Casitas de las Florecitas Project. Casitas de las Florecitas is a low income, first-time home ownership opportunity, and will be built on a newly enhanced street, which features neighborhood improvements, public art, and innovative planning. Each of the eight units will be a 3-bedroom, 2-bath “twin-home” featuring a 1,288 square foot floor plan that includes a master bedroom suite. Creative design elements include 12-foot ceilings in the kitchen and living/dining areas, single story, computer/cable TV/telephone wiring, garage, laundry hookups, storage space, side yard with unique paving, private patio and private entrance on a family size lot of approximately 4,600 square feet.

Casa Familiar owns the land (37,000 sq/ft parcel) where the homes will be constructed. The total proposed project budget is approximately \$2.66 Million. Casa Familiar proposes to secure several sources of funding for the project including equity, SD Housing Commission, and a construction loan. In order to maintain the sale of the homes at affordable prices, the Agency may commit up to \$800,000 (grant) of 20% Housing Set-Aside funds towards the project through an OPA for the purposes of providing adequate capital for project completion. Funds in the amount of \$800,000 are available within budgeted levels of tax increment in the San Ysidro project area. These funds can be used for several purposes including hard construction costs and special materials. A detailed description of the proposed project budget is included in the OPA (Attachment).

To the extent low/mod funds are unavailable at the time project expenditures for Casitas de las Florecitas are required, other available and appropriate funding within the San Ysidro Project Area funds may be utilized on an interim basis for low/mod eligible expenditures. As additional low/mod funds are received and become available for the San Ysidro Project Area, any alternative funding sources that may have been used may be replaced by low/mod funds.

In the face of a city-wide shortage of affordable housing units, Casitas de las Florecitas is a promising project that will exemplify new housing development produced and sold at affordable prices to families that qualify. Homeownership is a strong factor in redevelopment project areas because it promotes increased community pride, which is crucial to the revitalization of older communities in San Diego.

ALTERNATIVES

Do not authorize the Resolution Approving the Owner Participation Agreement with Casa Familiar. This alternative would delay the availability of affordable housing units in the San Ysidro Redevelopment Project Area.

Respectfully submitted,

Todd Hooks
Deputy Executive Director
of Redevelopment Agency

Approved: Hank Cunningham
Assistant Executive Director
Redevelopment Agency

CUNNINGHAM/RC

ATTACHMENT(S): Owner Participation Agreement (OPA)